

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-01

L-03 NSC-05 PA-01 PRS-01 SS-15 /095 W

-----142022Z 047330 /44

R 140812Z JAN 77

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 575

AMEMBASSY MOSCOW

LIMITED OFFICIAL USE NEW DELHI 0653

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJECT: ROUBLE REVALUED AGAINST THE RUPEE

1. BEGIN UNCLASSIFIED. A PRESS REPORT DATED MOSCOW SAYS THE USSR STATE BANK HAS RAISED THE VALUE OF THE ROUBLE VIS-VIS THE RUPEE. AS AGAINST 8.50 ROUBLES TO RS. 100, IN FORCE SINCE NOVEMBER 1975, THE NEW RATE EFFECTIVE FROM JANUARY IS 8.22 ROUBLES- THE LOWEST ON RECORD. THIS IS A RUPEE DEVALUATION OF 3.3 PERCENT.

2. ACCORDING TO THE SOVIET SOURCES THE CHANGE FOLLOWS TRENDS IN WORLD MONETARY MARKETS AND CONFORMS TO THE DECISION ANNOUNCED IN INDIA IN DECEMBER TO DEPRECIATE THE VALUE OF THE RUPEE IN RELATION TO THE BRITISH POUND BY 3.3 PERCENT. (NEW DELHI 18568) THE RUSSIANS BELIEVE THE INCREASE IN THE ROUBLE VALUE WILL BASICALLY AFFECT INDIA'S OLD REPAYMENT OBLIGATIONS ALTHOUGH THE INDIANS REJECT THIS. SO FAR AS COMMERCIAL TRANSACTIONS ARE CONCERNED, PRICES OF COMMODITIES ARE DETERMINED IN RUPEES AND HENCE THERE WILL BE NO IMPACT OF THE ROUBLE VALUE INCREASE ON THEM. THE INCREASE WILL, HOWEVER, BE REFLECTED IN NON-COMMERCIAL TRANSACTIONS LIKE EXCHANGE OF CURRENCY FOR TOURISTS.

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4. THE SOVIETS STATED THE REASON FOR RAISING THE ROUBLE VALUE UNILATERALLY WAS BECAUSE OF THE EROSION OF THE GOLD CLAUSE IN THE PREVIOUS INDO-SOVIET LOAN AGREEMENTS. UNDER THESE AGREEMENTS, REPAYMENT WAS TO BE MADE ON THE BASIS OF THE GOLD CONTENT OF THE RUPEE WHICH WAS RS. 8.333 TO THE ROUBLE. WHEN THE RUPEE WAS DELINKED FROM STERLING IN SEPTEMBER 1975 THE SOVIETS

RAPVVQ THE VALUE OF THE ROUBLE SUCCESSIVELY. JUST BEFORE THE
DUZTEST REVISION, ONE ROUBLE WAS EQUAL TO RS. 11.93. NOW IT WILL
BE EQUAL TO RS. 12.16. END UNCLASSIFIED

BEGIN LIMITED OFFICIAL KBE: COMMENT: EDITORIAL, TIMES OF INDIA,
NOTES THAT THE RUSSIAN MOVE WAS "NOT ALTOGETHER SUPRISING" ON
THE EVE OF THE NEXT ROUND OF TALKS IN MOSCOW ON THE ISSUE OF
PARITY BETWEEN THE TWO CURRENCIES. THEY GO ON TO SAY "INDEED,
IT IS PRECISELY BECAUSE THE TALKS ARE LIKELY TO BE HELD SOON
THAT MOSCOW MAY HAVE ACTED IN THIS FASHION". IN FACT WE HAVE
LEARNED THAT TALKS WILL TAKE PLACE NEXT MONTH IN MOSCOW. (SEE
NEW DELHI 626.)
SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: RUBLE, DEVALUATIONS, PARITY CONVERSION
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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ISecure: 1
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Litigation Codes:
Litigation History:
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